

ORIGINAL

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April 12, 2007

VIA OVERNIGHT DELIVERY

Docket Control
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, Arizona 85007
(602) 542-2237

Re: Norstar Telecommunications, LLC
Docket No. T-20474A-06-0548

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AZ CORP COMMISSION
DOCUMENT CONTROL

Dear Sir/Madam:

Pursuant to staff request, enclosed please find for filing an original and thirteen (13) copies of Norstar Telecommunications, LLC's Balance Sheet and Statement of Income and Retained Earnings, Cost of Good Sold and General and Administrative Expenses for the year ended December 31, 2006, in accordance with GAAP.

I have also enclosed an extra copy of this letter to be date stamped and returned to me in the enclosed, self-addressed, postage prepaid envelope.

If you have any questions or if I may provide you with additional information, please do not hesitate to contact me.

Respectfully submitted,

Charlotte Lacey
Legal Assistant to Lance J.M. Steinhart
Attorney for Norstar Telecommunications, LLC

cc: Shaun Naghdi

Candrea Allen, Utilities Division (CAllen@azcc.gov)

Arizona Corporation Commission
DOCKETED
APR 13 2007

DOCKETED BY

NORSTAR TELECOMMUNICATIONS, LLC
Reviewed Financial Statement
Year Ended December 31, 2006

NORSTAR TELECOMMUNICATIONS, LLC
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FIELDS & NEVAREZ, P.A.*Certified Public Accountants*

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To the Stockholders and Board of Directors
Norstar Telecommunications, LLC
10025 Scenic View Terrace
Vienna, VA 22182

We have reviewed the accompanying balance sheet of Norstar Telecommunications, LLC as of December 31, 2006 and the related statement of income, retained earnings and cash flow for the year then ended, in accordance with Statements on Standards for Accounting and Review Services established by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of management of Norstar Telecommunications, LLC.

A review consists principally of inquiries of Company personnel and analytical procedures applied to financial data. It is substantially less in scope than an examination in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

Our review was made for the purpose of expressing limited assurance that there are no material modifications that should be made to the financial statements in order for them to be in conformity with generally accepted accounting principles.



Fields & Nevarez, P. A.

March 16, 2007

NORSTAR TELECOMMUNICATIONS, LLC
BALANCE SHEET
YEAR ENDED DECEMBER 31, 2006

ASSETS

	<u>2006</u>
Current Assets	
Cash	\$ 18,068
Accounts receivable	32,650
Prepaid expenses	-
Total Current Assets	<u>50,718</u>
 Property and Equipment (Notes 1)	
Furniture and equipment	30,749
Transportation equipment	19,646
	<u>50,395</u>
Less accumulated depreciation & amortization	50,395
	-
 Total Assets	 <u><u>\$ 50,718</u></u>

See accompanying notes and accountants' report

NORSTAR TELECOMMUNICATIONS, LLC
BALANCE SHEET
YEAR ENDED DECEMBER 31, 2006

LIABILITIES AND STOCKHOLDERS' EQUITY

	<u>2006</u>
Current Liabilities	
Accounts payable	\$ 12,610
Total Current Liabilities	12,610
Noncurrent Liabilities	
Notes payable	-
Total Noncurrent Liabilities	-
Total Liabilities	12,610
Members' Equity	
Member's Capital	38,108
Total Stockholders' Equity	38,108
Total Liabilities & Stockholders' Equity	\$ 50,718

See accompanying notes and accountants' report

NORSTAR TELECOMMUNICATIONS, LLC.
STATEMENT OF INCOME AND RETAINED EARNINGS
YEAR ENDED DECEMBER 31, 2006

	<u>2006</u>
Commission Income (See Note 1)	\$404,306
Total	----- 404,306
Cost of Goods Sold	62,453
Gross Profit	----- 341,853
General & Administrative Expenses	222,475
Income from Operations Before Other Income & Expenses	----- 119,378
Net Income	----- 119,378
Retained Earnings	
Beginning of Year	16,296
Member Distribution	(97,566)
End of Year	----- \$ 38,108 -----

See accompanying notes and accountants' report

NORSTAR TELECOMMUNICATIONS, LLC.
COST OF GOODS SOLD
YEAR ENDED DECEMBER 31, 2006

2006

Phone Service Costs	27,347
Commission Fees	4,166
Transportation Expense	10,594
Travel	20,346
Total Cost of Goods Sold	<u><u>62,453</u></u>

See accompanying notes and accountants' report

NORSTAR TELECOMMUNICATIONS, LLC.
GENERAL AND ADMINISTRATIVE EXPENSES
YEAR ENDED DECEMBER 31, 2006

2006

Office Expense	\$17,173
Telephone	7,762
Accounting	3,325
Insurance	5,962
Legal	25,595
Internet Fee	100
Postage	263
Supplies	6,236
Consulting Fees	21,143
Utilities	4,563
Dues & Subscriptions	103
License Fees	10,887
Advertising	76,405
Entertainment	1,859
Depreciation	874
Rent	35,725
Repairs & Maintenance	625
Taxes-other	3,875

\$ 222,475
=====

See accompany notes and accountants' report

NORSTAR TELECOMMUNICATIONS, LLC
Notes to Financial Statement
December 31, 2006

1. **Summary of Significant Accounting Policies**

Norstar Telecommunications, LLC. is a telecommunications provider headquartered in Vienna, Virginia providing local, long distance, internet and conferencing services nationwide

Property and Equipment

Property and equipment is recorded at cost. Depreciation is computed using both straight-line and accelerated methods over the estimated useful lives of the specific units of property.

Income Taxes

The company with the consent of its members has elected under the provisions of the Internal Revenue Code to be treated as a Limited Liability Company effective the date of formation, January 1, 1998. In lieu of corporate income taxes, the members of a Limited Liability Company are taxed on their proportionate share of the company's taxable income. Therefore, no provision for income tax is required.

Revenue and Cost Recognition

The Company reflects revenues and expenses on the accrual basis of accounting. Income is recognized when invoiced and expenses are recognized when incurred.

Use of Estimates

The preparation of final statements in conformity with generally accepted accounting principles requires management to make estimates that affect certain reported amounts and disclosures. Accordingly, actual numbers could differ from those estimates.

Income Recognition

The Company receives a sixteen percent commission income of all services provided. In 2006 the company provided services totaling \$ 2,526,913 which represented \$ 404,306 in commission income for the year.